

Distribution of Compensation among Categories of Claimants (Splitting the Compensation Pie)

The National Park Service (NPS) determined that compensation would be guided by the Economic Assessment (EA). The purpose of the Glacier Bay Compensation Plan Economic Assessment was to predict the economic losses associated with commercial fishing closures and restrictions in Glacier Bay. It was recognized that there were sources of uncertainty involved in conducting this type of assessment, including the likelihood that the actual harvest and earnings reported in the applications would differ from the EA estimates. Nevertheless, the estimates were based on the best available information regarding average, annual harvests during the 1989 to 1998 period, and were designed to meet the following requirements:

- **“All compensation calculations in this plan are based on the \$23 million allocated by Congress to fund the compensation plan.”**
- **“According to the NPS interpretation of the law, all categories will be treated the same in the compensation plan, as the statute treated the categories the same.”**

Part II (pages 7-9) of the Final Compensation Plan defines how the Economic Assessment divides economic loss among participants in the commercial fishing industry and the method by which the applicable compensation amounts are distributed among and within categories of claimants. However, compensation amounts in each of the claimant categories were derived from estimates rather than from actual “applied for” harvest and earnings data. While the Economic Assessment is the guiding document for the distribution of funds in the compensation plan, compensation must be proportional to past earnings from Glacier Bay Proper. Since the estimates in the EA were not equal to the actual “applied for” earnings, it was necessary to adjust the compensation amounts in each category, once they were all received, to make them proportional and treat all categories the same.

That is, for each category:

$$\frac{\text{estimated earnings}}{\text{estimated compensation amount}} = \frac{\text{actual “applied for” earnings}}{X}$$

X = proportional compensation amount

Subsequent to the above proportional adjustment, it was determined that the average ratio of **compensation amount/average annual earnings** (ca/ae) was approximately 12.7 to 1. However, inequities still existed among the categories (see Table 1). Thus, all of the categories were further adjusted to reflect the average compensation ratio. Under the 12.7 to 1 ratio, the sum of all compensation amounts exceeded \$30 million, and under the 10 to 1 ratio the sum of compensation amounts for all categories exceeded \$23 million. Finally, a ratio of 8 to 1 for all categories was calculated in order to remain within the \$23 million funding limit.*

*The total compensation amount, for all categories, of \$20,472,711 was utilized in order to allow for additional claims expected to be approved during the appeal process and still approximate the 8 to 1 ratio. A final adjustment of compensation amounts for each category will be made upon completion of all appeals.

Table 1. Distribution of Compensation among Categories of Affected Parties

Economic Assessment Estimates (EA) – based on \$23 Million Total Available and economic assessment estimates

Actual – proportionally based on actual applicant harvest and earning values

10 to 1 – adjusted for equity among all categories (based on Actual overall ca/ae average of 10.68 to 1)

8 to 1- adjusted to fit \$23 million total available compensation funds

	Tanner Pot	Tanner Ring	Halibut	Dungeness	Troll	Ground Fish	King Crab	Total
Harvest-Related (HR)								
Permit Holder EA estimate (EA)	3,473,000	345,000	1,196,000	1,173,000	368,000	299,000	115,000	6,969,000
Permit Holder Actual	2,742,643	255,858	1,507,548	421,193	88,453	22,737	71,936	5,110,368
Permit Holder Actual ca/ae 4 to 1	11 to 1	3 to 1	12 to 1	4 to 1	12 to 1	43 to 1		
10 to 1 per category	6,856,608	232,598	5,025,160	350,994	221,133	18,948	17,545	12,722,986
8 to 1 per category	5,269,928	186,078	4,020,128	280,795	176,133	15,158	14,360	9,962,580
Vessel Crew EA	1,656,000	15,167	184,000	759,000	23,000	92,000	69,000	2,829,000
Vessel Crew Actual	864,394	46,000	140,484	267,363	960	9,549	16,173	1,314,090
Vessel Crew Actual ca/ae 10 to 1	16 to 1	2 to 1	54 to 1	3 to 1	18 to 1	220 to 1		
10 to 1 per category	864,394	9,479	702,420	49,512	3,200	5,305	7,430	1,641,740
8 to 1 per category	691,515	7,583	561,936	39,610	2,560	4,244	5,944	1,313,392
HR Subtotal EA	5,129,000	391,000	1,380,000	1,932,000	391,000	391,000	184,000	9,798,000
HR Subtotal Actual	3,607,037	271,025	1,648,032	688,556	89,413	32,286	88,109	6,424,458
HR 10 to 1 per category	7,721,002	242,077	5,727,580	400,506	224,333	24,253	24,975	14,364,726
HR 8 to 1 per category	5,961,443	193,661	4,582,064	320,405	178,693	19,402	20,304	11,275,972
Processing-Related (PR)								
Processors EA	1,909,000	161,000	184,000	2,852,000	92,000	575,000	69,000	5,842,000
Processors Actual	1,852,449	128,506	97,572	1,145,129	34,723	11,262	32,304	3,301,945
Processor Actual ca/ae 10 to 1	17 to 1	1 to 1	5 to 1	4 to 1	18 to 1	28 to 1		
10 to 1 per category	1,852,449	75,592	975,720	2,290,258	86,808	6,257	11,537	5,299,321
8 to 1 per category	1,481,959	60,474	780,576	1,832,206	69,446	5,006	9,230	4,238,897
Fish Tax Revenue EA								391,000
Proc. Employee EA								1,357,000
Proc. Employee Actual								291,198
Proc. Emp. Actual ca/ae 10 to 1								9 to 1
10 to 1 per category								323,553
8 to 1 per category								258,842
PR Subtotal EA								7,590,000
PR Subtotal Actual								3,983,198
10 to 1 per category								6,013,174
8 to 1 per category								4,888,739
Support Bus./Others EA								2,599,000
Support Bus./Others Actual								3,274,626
ca/ae 28 to 1								
10 to 1								1,130,000
8 to 1								904,000
Communities EA								3,013,000
Total Comp. EA								23,000,000
Total Comp. Actual								17,086,282
10 to 1								24,911,900
8 to 1								20,472,711

* ca/ae = compensation amount/ average annual Glacier Bay earnings